

Karlyn Kanski

May 15, 2006

Federal Trade Commission/Office of the Secretary, Room H-135 (Annex W)  
Re: Business Opportunity Rule, R511993  
600 Pennsylvania Avenue, NW  
Washington, DC 20580

**RE: Business Opportunity Rule, R511993**

Dear Sir/Madam,

I am writing in regards to the proposed New Business Opportunity Rule R511993, that if changes are not made, will be a significant obstacle and burden to the network marketing industry. This new rule, although well intended represents a significant burden to the free market trade.

The proposed rule requires a seven-day waiting period to enroll new distributors. Essentially a person would have to be sold twice on the same business. While I support some of the disclosures with changes, I am opposed to a seven-day waiting period because it is an excessive burden to any company and distributor due to the documentation and follow-up required and it would be a barrier to new business development.

**Earnings Disclosure** - The rule requires that any earnings claim statement made by the distributor or company to a prospect be validated with a detailed "Earnings Claims Statement." Also, the distributor would be required to provide written documentation of any earnings claim made upon request. I support the disclosure of an average earnings income statement. However, I oppose being forced to provide written substantiation because it is an excessive burden considering the investment of money to enter into the business is nominal.

**Previous Litigation** - The rule requires the release of any information regarding prior litigation and civil or criminal legal actions involving misrepresentation, or unfair or deceptive practices, even if you were found innocent. Regardless of the outcome, you would have to disclose it and explain it to a new business associate which is unfair. I would only support the disclosure of previous litigation of companies, executives, affiliated companies and the like involving fraud and misrepresentation only if the party is found guilty. If the defendant is found not guilty or if the opposing parties agreed to settle without admission of guilt, then it should not be necessary to disclose this information.

**Business References** - The rule requires the disclosure of a minimum of 10 purchasers closest to you. This is a violation of personal confidentiality, which I oppose. Requiring the release of this information can jeopardize the business relationship of the references that may be involved in other companies or businesses. It also subjects these references to cross marketing by competitors.

**Disclosure of cancellation or refund policy** – This rule is a general good business practice that I support.

**Statistics on Refund and Cancellation Payments** – This rule requires the report of the number of sales, as well as the total number of requests for cancellations or refunds that have been received within the past 2 years. I would support the modification of the time period to an average over 1 year.

The network marketing industry is one of the few remaining opportunities for people to leverage their time and limited resources to earn additional income or to create a new career. Many network marketing companies are now publicly traded on Wall Street including Mannatech, Herbalife, Nu Skin, Pre-Paid Legal Services, USANA and others. Network marketing is used by large corporations including Citigroup, MCI and IBM to market their services and products. The well-known authors Robert Kiyosaki and Paul Zane Pilsner have endorsed network marketing.

The industry is also growing in popularity and contributes to the US economy. This growth should be encouraged. There are 13 million Americans involved in this network marketing industry today. Sales of products and services through network marketing are estimated at more than \$29 billion in 2003. The sales of dietary supplements through direct selling/network marketing reached \$3.8 billion in 2004, according to the Nutrition Business Journal.

I have been involved in the network marketing industry since 1999. I initially got involved for the benefits of the products. Shortly thereafter I realized the business potential available to me, where as other business start-ups just weren't an option due to the investment costs involved. I have now become involved on a full time basis. This business has significantly helped and changed for the better both my family and I in part due to the people that I have met and the high quality products.

I understand and value the role of the FTC to protect consumers and to stand up for free market trade. However, I believe this proposed new rule needs significant changes to work best for both the business person and the consumer. We live in a country where people can make informed decisions that are the best for them based on objective information received when analyzing a business opportunity. I am in support of the disclosures being made during the sales process without the requirement of a seven-day waiting period and the other modifications only as suggested above.

Thank you,  
Karlyn Kanski